

7/5/78

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	Rick Hutcheson to Brzezinski & Lipshutz, w/attachments 30 pp., re: request by Cong. Boland	7/3/78	A

FILE LOCATION

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RESTRICTION CODES

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during the week when President Carter was at Camp David.

Jody - photo

THE WHITE HOUSE
WASHINGTON

7-3-78

Bob Byrd from Belgium

Spain trip Successful - did not
discuss NATO - Suarez. Minardo (Ref)

At Hag's hqs.

Wed am. Callaghan
pm Schmidt

Schmidt - M East

Dole - Oil

COET

Turkish embargo Late July - Senate
8 or 9 bills ahead

→ Andrus - Hold down DC bldg height

6VP tough trip

7-4-

Mideast UN

7-4

Byrd - Tindemann

Emissaries for Paris/Bonn
monetary arr.

Dr. Hon Wdo - only for Europe

7-5

Bell - Intel - Kirby - INS

7-6

Trip

7-7

Blumenthal - Customs

Schmidt

THE WHITE HOUSE
WASHINGTON

Haircut this week _____

Haircut after you return from
July 4th week at Camp David,
just prior to trip to Germany ✓



THE WHITE HOUSE
WASHINGTON

FOR THE RECORD:

The President signed the bill on
7/4/78 - copies were given to Frank
and Stu - Bob Linder received original
of bill report and bill.

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

NOTE:

Senator McIntyre's staff has informed us that he would agree to take any additional amounts for funding this program out of the SBA base.

Bert Carp

*Hold to
This
J*

ACTION

Last Day: Wednesday, July 5, 1978

THE WHITE HOUSE
WASHINGTON

June 30, 1978

*Frank & Stu -
Prepare letter to SBA
(cc Cong involved) directing
special attention to
this type of
loan
J*

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT *Stu Eizenstat*
FRANK MOORE *Frank Moore*

SUBJECT:

Enrolled Bill H.R. 11713 -- Small
Business Administration Energy
Loan Program

THE BILL

H.R. 11713, would create a new loan program within the Small Business Administration for a variety of small business activities in the areas of solar and renewable energy and energy conservation. The bill authorizes one year of appropriations of \$36.57 million (FY 1979). Its major provisions are:

- o \$30 million in loans and \$45 million in loan guarantees for: financing plant construction, and acquiring land, equipment, machinery, supplies for business activities involving design manufacture, marketing, installation or supply of certain energy measures in the conservation and renewable resource fields;
- o Limits loans to any one business to \$350,000; limits guarantees to \$500,000 per firm;
- o Softens normal SBA criteria for loans and guarantees, particularly with respect to the individual business history, and expected performance of the industry segment overall;
- o Authorizes SBA to hold nationwide seminars on energy programs generally, and to make training grants if the program were funded at the full authorized level (\$36.75 million). OMB estimates that outlays would be \$21 million. Congressional sponsors point out, however, that only half to two-thirds of this level could be used since it will take at least six months to make the program operational.

The Congress believes that this special program is necessary to get small businesses involved in solar and renewable energy resources. Since this is an emerging technology, new businesses are being created and often firms do not have a track record to establish their economic viability. Also, the solar energy industry as a whole is too new to have a solid performance record.

Congressional sponsors argue that standard SBA criteria for measuring the economic risk associated with loans or guarantees are too limited to meet demands in this field. They point to a rather limited past performance by SBA in this area. Only three or four loans have been made to small businesses in the solar or energy conservation area. SBA points out that only a small number of loan applications have been made, although a larger number of potential applicants have not pursued SBA assistance after receiving initial advice that they would be unlikely to meet the criteria. Over two years ago, the SBA signed an agreement with the Department of Energy designed to improve the SBA's ability to judge worthy applications, and hence increase their level of activity in the solar energy and conservation areas. This agreement has not produced any noticeable improvement.

The SBA and the Department of Energy have repeatedly testified for the Administration in opposition to this program. They have argued that:

- o SBA already has authority to make loans for solar energy and energy conservation purposes under their general program authority. (Initially, SBA and DOE stated that the problem could and would be dealt with administratively by focussing the SBA's attention in this area).
- o Creation of another specially earmarked loan program would go contrary to joint OMB/SBA attempts to consolidate a number of fragmented "special" programs SBA now administers.
- o A further softening of SBA loan criteria -- which are already designed to meet the needs of marginal borrowers -- is unwarranted and would result in a substantially higher default rate (which in turn would make this more like a grant than a loan program).
- o Funding for this program is above the FY 1979 budget request, which generally provides

substantial funding for the solar and energy conservation area. (\$570 million for solar programs, \$1 billion for conservation R & D, demonstrations, and incentives; and over \$1 billion in tax credits for solar residential and business investments).

Finally, the Solar Domestic Policy Review is now underway to determine how existing federal programs might be restructured to accelerate the use of solar energy. Particular emphasis is being given in that review to existing federal procurement, construction, and loan programs.

The bill's principal sponsors are: Senator McIntyre (D-N.H.) and Congressmen Bedell (D-Iowa) and Baldus (D-Wisc.). McIntyre has made this something of an election issue since a number of New Hampshire small companies have expressed interest in this area, but have been unable to get SBA help. It is not a major factor in his campaign, however.

VOTES IN CONGRESS

Senate:	Voice Vote
House:	375-17

ARGUMENTS FOR SIGNING

- o It is politically difficult to veto a bill dealing with items as popular as small business, solar energy and energy conservation, particularly when the SBA's track record on loans in this area has not been strong.
- o Both Congressman Bedell and Senator McIntyre have stated that they will work hard to override a veto. Probably we would be sustained -- but since the bill received only summary treatment by Congress it is difficult to be sure.
- o The budget impacts, particularly for FY 1979, are relatively small (\$10 to \$14 million), and the FY 1980 exposure is \$31 million if fully funded. It may be that all or part of this can be absorbed within the SBA budget.
- o The bill passed both Houses by an overwhelming majority in spite of objections repeatedly expressed by the Administration.

- o The bill remedies an SBA deficiency which has not heretofore been corrected administratively (even though OMB and we, and to a certain extent, the Congressional sponsors believe that the current SBA program could be made to work in this area).
- o Veto would contribute to the misimpressions that the Administration is unenthusiastic about solar energy and insensitive to the needs of small business.

ARGUMENTS FOR VETO

- o The Administration has consistently opposed the bill, and would only encourage Congress to ignore Administration views on other legislation if we reverse our position.
- o The program is unnecessary, and creation of yet another specially earmarked SBA program is contrary to our efforts to consolidate SBA programs.
- o The relaxation in loan and loan guarantee criteria goes too far and will result in economically unsound loans with a high risk of default. This could hurt small business participation in the solar area over the long run by giving it a bad name. Singling out particular industrial segments for special treatment also sets a bad precedent.
- o The Administration has supported very generous programs in the solar and conservation areas which allow for small business participation. This program exceeds the Administration's budget request.
- o Enactment of this program is premature in view of the solar Domestic Policy Review and the pendency of the National Energy Plan. We should be discouraging ad hoc and piecemeal legislation in this area.

AGENCY AND STAFF RECOMMENDATIONS

The Department of Energy and the Council on Environmental Quality recommend approval. SBA has no objection to approval, but conditions this position on provision of additional funds for the program. They are wary of having

new programs imposed upon them without adequate staff or funding. DOE cites some concern about diversion of attention from the National Energy Plan, as well as the premature nature of the program in view of the domestic policy review. They also believe that this new program would duplicate existing authority.

Anne Wexler expresses concern that disapproval would be seen as over-use of the veto on small but objectionable bills, but recommends veto if:

- o the veto message is written positively to direct the SBA to improve its performance in the energy area, and thanks the Congressional sponsors for their help in bringing this deficiency to your attention;
- o is preceded by consultation with the sponsors so that they understand your reasons for the veto; (Note: OMB and Stu's staff have met with Congressman Bedell and Senator McIntyre's aides to discuss this issue.)
- o we are sure "that there will be no attempt to override the veto" or, if there is an override attempt, we should consider negotiating for no override but giving them a solar program within the regular SBA program now under consideration. (An SBA reauthorization bill, and the regular appropriation bill.)

Anne advises against veto if the above cannot be successfully accomplished, noting, "We should not be in a position of losing on a veto of a relatively small matter, particularly on a solar energy issue. We should instead quietly approve the bill and work to see if the total SBA program can be adjusted so as not to have an overall increase in outlays."

OMB strongly recommends veto for the reasons listed above under "Arguments for Veto." Stu agrees, and notes that this is not a good bill substantively, and that if we intend to be firm we must begin to do so.

Frank recommends signature given SBA's disappointing performance in this area, the small size of the bill and the possibility of an override effort, and recommends that you state that you will not amend the SBA budget but expect the Congress, if they decide to fund this program, to do so by reallocating SBA funds within your budget.

We have talked with Bob Strauss who notes that this veto would not help in his anti-inflation campaign and that he would be "more comfortable" with signing.

DECISION

_____ Approve H.R. 11713 and issue attached signing statement (Frank, Bob Strauss, CEQ, SBA and DOE recommend)

Signing statement attached at Tab C

_____ Veto H.R. 11713 and issue attached veto statement (OMB, Stu and Anne recommend)

Veto statement attached at Tab D

THE WHITE HOUSE
WASHINGTON

Mr. President:

A decision on this matter
is requested at your soonest
convenience. Thank you.

Rick/Bill

Frank -
In the future,
discourage these
requests -

J

THE WHITE HOUSE

WASHINGTON

July 5, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE

F.M./p

SUBJECT:

Burial for Joe Raymond at Arlington Cemetery

Senators Mathias and Sarbanes have joined in a request that Joe Raymond -- who died Monday while serving as a Deputy Auditor General at AID -- be buried at Arlington National Cemetery.

About four weeks ago Raymond, who had been feeling ill for about a month, learned that he had an extremely rare form of brain cancer. He died late Monday, although we did not learn of his death until early today. He was 38 years old.

Raymond served a two-year tour of duty as an officer of the U.S. Army in the early 1960's and wanted to be buried in Arlington. Under the applicable regulations, he is not eligible for such burial. There is, however, one provision of the regulations which has a bearing on his situation: the section which provides that burial at Arlington is available to appointees in the Executive Branch in the Level I and Level II positions.

Raymond did not hold this level position but he is one of the higher appointees within AID. Moreover, his wife, Elizabeth, is one of Pat Harris' appointees at HUD where she serves as Assistant to the Secretary for Labor Relations. Both Joe and Betsy actively supported your campaign in Maryland, and Arnie Miller, Maryland's coordinator, advises that both were quite helpful during the campaign.

We believe that the fact that both Raymond and his wife are high-ranking appointees, together with the sudden and tragic nature of his illness and death, are circumstances which weigh in favor of your granting an exception and permitting his burial at Arlington. I recommend that you do so.

(Note: in order to make arrangements at Arlington for burial tomorrow, a decision is needed today.)

✓

Approve

Disapprove

IMMEDIATE
PRECEDENCE

UNCLAS
CLASSIFICATION

FOR COMMCENTER USE ONLY

FROM: RICK HUTCHESON
TO: PHIL WISE FOR
THE PRESIDENT

DEX _____

DAC Ø 13

GPS _____

LDX _____

PAGES 2

TTY _____

CITE _____

INFO:

DTG: 05 1521 Z Jul 78

RELEASED BY: GW

1978 JUL 5 051538Z Jul 78
5 15 21

SPECIAL INSTRUCTIONS:

TOCAMP 09

3 50
pm

Approved, per
John Peterson

Doug Huran & Pat
DeSanya not found

THE WHITE HOUSE
WASHINGTON

Mr. President:

A decision on this matter
is requested at your soonest
convenience. Thank you.

Rick/Bill

THE WHITE HOUSE

WASHINGTON

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(Note: in order to make arrangements at Arlington for burial tomorrow, a decision is needed today.)

Approve

Disapprove

THE WHITE HOUSE
WASHINGTON

July 5, 1978

Zbig Brzezinski

The attached was returned in the President's
outbox and is forwarded to you for
forwarding to Sol Linowitz.

Rick Hutcheson

346

To Sol Linne
JC

THE UNITED STATES AND WORLD DEVELOPMENT: AGENDA 1978-1979

INTRODUCTORY OVERVIEW

Theodore M. Hesburgh and James P. Grant

A year ago Agenda 1977--the Overseas Development Council's fifth annual assessment of U.S. policy on world development issues--described the coming months as an "open moment" in which the world looked to the new Carter Administration in the United States with expectation and hope. That atmosphere persists a year later, if somewhat muted and tinged with uneasiness and uncertainty. Commendable progress has been made in settling the Panama Canal issue, and the new Administration's sustained attention to the Middle East and Southern Africa may keep issues from disrupting orderly consideration of the broad range of North-South issues. The President's recent visits to India, Latin America, and Africa, and the substance of his public statements and discussions there should be helpful in indicating real interest in these areas.

In Agenda 1977 we made several specific recommendations and suggested some broad options for the general direction in which development policy should move. Many, if not most, of the recommendations are still pertinent, and most of the options still remain open and more urgent than ever. Agenda 1978 analyzes the world economic situation as we see it, especially with regard to the developing countries. As part of that situation report, we suggest a number of ways in which the developed countries themselves can benefit materially by being more responsive to the developing countries. We conclude, in fact, that nothing like the relatively high growth and low inflation rates of the past generation

THE WHITE HOUSE
WASHINGTON
July 5, 1978

Zbig Brzezinski

The attached was returned in the President's outbox today and is forwarded to you for your information.

The signed original has been given to Frank Moore's office for delivery.

Rick Hutcheson

cc: Frank Moore

LETTER TO SEN. MCINTYRE

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

LIMITED OFFICIAL USE

July 1, 1978

ACTION

MEMORANDUM FOR: THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI *BB*
FRANK MOORE *FH/BB*

SUBJECT: Letter to Senator McIntyre

The suggested letter to McIntyre, Tab A, is a favor to him. He has proposed several Congressional resolutions to make 1978 a commemoration of Franco-American friendship, but none has passed. The letter from you stresses ties between the United States and France, and the contributions Franco-Americans have made to our development. We would tell the Senator we had no objection to his releasing the letter. Jim Fallows has reviewed the text of this letter.

RECOMMENDATION:

That you sign the letter at Tab A.

LIMITED OFFICIAL USE

THE WHITE HOUSE

WASHINGTON

July 4, 1978

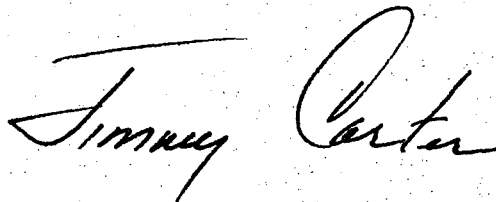
To Senator Thomas McIntyre

Two hundred years ago, the thirteen American colonies signed a Treaty of Friendship and Commerce with France, making that nation our first formal ally. It is especially appropriate in 1978 to remember not only the strong friendship our nations now share, but also the contributions of the French people, and Franco-Americans, to the growth and vitality of the United States. Many Franco-Americans, including those of your own state, have played a vital role in the growth and development of America.

I know that all Americans will join me this year in recalling our deep friendship for France -- a bond two hundred years old -- and in remembering the contributions Franco-Americans have made throughout our history. Together, let us re-dedicate ourselves to the principles of democracy and human rights, which are the common heritage of the United States and France.

With warm regards,

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned below the word "Sincerely,".

The Honorable Thomas J. McIntyre
United States Senate
Washington, D. C. 20510

THE WHITE HOUSE

WASHINGTON

Date: July 3

MEMORANDUM

FOR ACTION:

Jim Fallows *attached - DIC*

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Brzezinski/Moore memo re Letter to Sen. McIntyre

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 9:00 am

DAY: Wednesday

DATE: July 5

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE

WASHINGTON

Date: July 3

MEMORANDUM

FOR ACTION:

✓ Jim Fallows

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Brzezinski/Moore memo re Letter to Sen. McIntyre

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TO THE STAFF SECRETARY BY:

TIME: 9:00 am

DAY: Wednesday

DATE: July 5

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

OK WTK
me - 7/3/78
JF

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

LIMITED OFFICIAL USE

July 1, 1978

ACTION

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RECOMMENDATION:

That you sign the letter at Tab A.

LIMITED OFFICIAL USE

THE WHITE HOUSE

WASHINGTON

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With warm regards,

Sincerely,

The Honorable Thomas J. McIntyre
United States Senate
Washington, D. C. 20510

THE WHITE HOUSE
WASHINGTON

July 5, 1978

Zbig Brzezinski

The attached was returned in the President's outbox today and is forwarded to you for your information and appropriate handling.

Please forward a copy to Under Secretary Benson.

Rick Hutcheson

cc: Jim McIntyre

SYSTEMS TO ASSURE CEILING ON TRANSFER OF
WEAPONS AND WEAPONS-RELATED ITEMS IS
NOT EXCEEDED



INTERNATIONAL SECURITY AFFAIRS

ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

1-6026/78

The Honorable Lucy Wilson Benson
Under Secretary for Security Assistance,
Science and Technology
Department of State

Dear Lucy:

In response to your telephone request to Ernie Graves I am
sending with this letter:

- a description of the controls instituted by the
Defense Security Assistance Agency to assure that
FY 1978 foreign military sales do not exceed the
President's ceiling, and
- a precise recalculation of the FY 1978 ceiling amount
based on the 6% inflation factor provided by OMB and
the 8% reduction directed by the President, giving an
amount of \$8,551,184,000.

We will assure that FY 1978 sales subject to the ceiling
do not exceed this revised amount.

Sincerely,

Dear Mr. President -

This is an advance copy and has not yet been cleared
by Mr. McPitt. I thought you might like to read it - note
that the critical factor in keeping track of the ceiling
is the signed LOA (letter of offer). The system for
controlling exports in order not to exceed the ceiling
is tied to the LOA.

Please let me know if you would like to talk
about this or if you have any questions.

Lucy

Lucy - Good. Give
press a briefing on
procedure - to minimize
confusion & future
allegations of changing
measurement standards
for quantity of arms sales.
J.C.

SYSTEM TO ASSURE THAT PRESIDENT'S CEILING ON TRANSFER
OF WEAPONS AND WEAPONS-RELATED ITEMS IS NOT EXCEEDED

Accounting System. The Defense Security Assistance Agency (DSAA) has a separate ceiling management accounting system to record in a ledger every FMS case before the Letter of Offer and Acceptance (LOA) is forwarded to the purchasing country. By means of a running total the DSAA Comptroller knows at all times the aggregate value of all LOA's which have been issued during FY 1978. The Comptroller must countersign the LOA for it to be a valid offer. He will not sign any additional LOA's once the running total, including allocations of MAP funds to the Military Departments, has reached the ceiling amount.

LOA Acceptance. The date of signature of the LOA by the purchasing country determines the fiscal year in which the case is charged against the ceiling. Every LOA includes an expiration date, after which it is no longer a valid offer. DSAA procedures require teletype notification of acceptance within five days after signature by the purchasing country. If DSAA does not receive such notification within ten days after the expiration date, the offer is cancelled automatically, and the value of the LOA is subtracted from the running total. This allows additional LOA's to be issued, replacing those which countries have not accepted.

LOA Verification. Before countersignature by the Comptroller, his staff will review every LOA in detail to verify the value which should be charged against the ceiling under the definitions and guidelines established for determining weapons and weapons-related items.

Reporting. DSAA issues a weekly status report as of the close of business each Monday giving the aggregate value of FMS cases in various stages of processing, including in particular the value of LOA's accepted and the value of LOA's forwarded to purchasing countries but not yet accepted. The Director, DSAA, reviews this report personally each week and distributes copies to State, NSC, OMB, and other DOD elements. Beginning 12 July there will be a flash ceiling report prepared each Wednesday and Friday as well.

System Approval. The Office of Management and Budget reviewed and approved the accounting system.

CALCULATION OF FY 1978
FOREIGN MILITARY SALES CEILING

FY 1977 FMS	\$8,657,642,000
FY 1977 MAP	<u>111,005,000</u>
FY 1977 Ceiling Baseline	8,768,647,000
Multiplied by Inflation Factor	x 1.060
Provided by OMB	<u> </u>
FY 1978 Ceiling Baseline	9,294,765,820
Less 8% Reduction Directed by	743,581,266
the President	<u> </u>
FY 1978 Ceiling	8,551,184,554
FY 1978 Ceiling Rounded	
Downward to Nearest	
Thousand Dollars	\$8,551,184,000

THE WHITE HOUSE
WASHINGTON

July 5, 1978

Stu Eizenstat
Anne Wexler Jody Powell
Jack Watson Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Phil Wise
Fran Voorde

LEAA

THE WHITE HOUSE
WASHINGTON

Mr. President:

Phil concurs.

Rick (wds)

*Make statement
hard hitting - anti Crime*

THE WHITE HOUSE
WASHINGTON

June 30, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM:

STU EIZENSTAT *B. D. Roberts*
ANNE WEXLER *and*
JACK WATSON *Jack*
JODY POWELL *J.P.*
FRANK MOORE *F.M.*

After the Cabinet Meeting on July 10, you are now scheduled to announce the LEAA Reorganization. For the following reasons, we think the announcement should be held in the Rose Garden and should have Congressional, State and local officials, and law enforcement officials present:

- 1) LEAA was a visible target of yours during the campaign; we are now ready, at long last, to demonstrate what we are planning to do to fulfill your commitment to a serious overhaul of this much-maligned agency.
- 2) The LEAA announcement will provide the only opportunity this year for you to be publicly identified with the fight to reduce crime. While announcing the LEAA reorganization will not identify you in the public's mind as a zealous crimefighter, it will allow you to demonstrate a concern and recognition about crime.
- 3) The LEAA proposal, while not perfect, does allow you to associate yourself with paper-work reduction (75% is projected), lessened Federal interference with state and local governments, and the creation of a National Institute of Justice, a concept widely supported in legal and criminal justice circles.

- 4) The LEAA proposal has the strong and active support of both Kennedy and Rodino who will be chairing the Judiciary Committees next year.

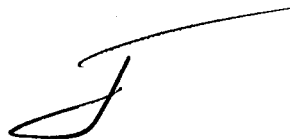
Approve brief Rose Garden announcement ✓

Disapprove

If you approve the announcement ceremony, we will provide a brief (5 minute) statement for you. Your statement could also include, if you approve, a brief announcement of the re-programming of some existing HEW, Labor and HUD Funds for anti-crime purposes. While your announcement of this re-programming would not remove the focus of the announcement from LEAA, it would help to convey the impression that the Administration is serious about anti-crime efforts and is not relying solely on LEAA as its source of funds for State and local governments. It would also indicate substantial inter-agency cooperation.

Approve ✓
(Recommend)

Disapprove



THE WHITE HOUSE
WASHINGTON

July 5, 1978

Stu Eizenstat

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Phil Wise
Fran Voorde

OIL IMPORT FEES AND THE BONN SUMMIT

THE WHITE HOUSE
WASHINGTON

June 29, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *h. blog*

SUBJECT: Oil Import Fees and the Bonn Summit

I have talked with Mike Blumenthal, Jim Schlesinger, and staffs of NSC, CEA and the Department of State. All agree that in light of the Senate's vote to repeal your authority to impose oil import fees, we need to reassess our posture at the Bonn Summit with respect to making a commitment now to take administrative action next year to achieve the effect of COET should COET not be enacted. Our problems are evident by the fact this vote was on an amendment by Dole--a Republican partisan.

The major problems are as follows:

- On this bill, we may with hard work be able to remove the restrictions on your authority in Conference. However, (depending on the timing in Conference Committee) a tough statement in Bonn that you will take action may make this much harder. We will be in a weaker position if we fail.
- Even if we are successful in removing the Dole language from the Treasury Appropriation, a tough statement in Bonn guarantees further serious confrontations on the Dole Amendment throughout the remainder of the session. Although the vote on Senator Dole's Amendment was 49 to 39, we are advised by both White House and agency Congressional Liaison staffs that we may well lack the 34 votes necessary to sustain a veto in the Senate. It is somewhat more likely that we could sustain a veto in the House, although a majority of the House would clearly support revocation of your authority at this time.

- 2 -

- Schlesinger, Ullman, Dingell, Ashley and I met with major producers to review our energy pricing proposals. I believe this may well lead them to strongly support COET. However, an unequivocal statement now that you will take any available administrative action will strengthen incentives for the energy companies to kill COET and support Dole. Although the companies prefer COET to fees or quotas, they would much prefer to stop all three if they believed you would then turn to administrative decontrol.
- If we wait until after the election we may well be able to take administrative action and be sustained. Given the feeling on the Eastern seaboard, provoking a major confrontation before the election will lead members of Congress running this year to become committed to oppose you.

Against all this must be balanced the importance of a strong statement to the success of the Bonn Summit. I strongly recommend that your senior advisers meet and thoroughly discuss this issue before a final strategy decision is made on Bonn. Above all, we should make sure we have a strategy to fulfill any commitments we make.

If necessary (and it may well not be) I also believe you should allow a short meeting on this subject next week at Camp David.

Recommendation

Convene meeting of advisers and report to you by Wednesday evening on final recommendations for energy strategy at Summit. ?

☒

Agree

☐

Disagree



34-18

THE WHITE HOUSE
WASHINGTON
July 5, 1978

Stu Eizenstat

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder

THE WHITE HOUSE

WASHINGTON

June 30, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT *Stu Eizenstat*
LYNN DAFT *LD*

SUBJECT:

Increasing the Quota on Meat
Imports

The attached proclamation implements your earlier decision to allow an additional 200 million pounds of meat to be imported over the remainder of this calendar year. Technically, under the Meat Import Law, you must impose and simultaneously suspend the import quota. The new higher voluntary agreements have been negotiated and are ready to go into effect.



DEPARTMENT OF AGRICULTURE

OFFICE OF THE SECRETARY

WASHINGTON, D. C. 20250

JUN 28 1978

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

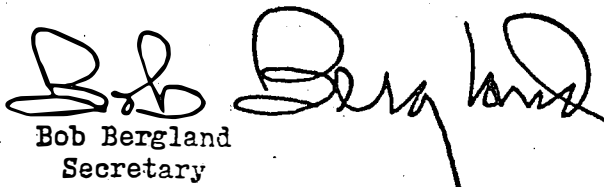
This is to advise you that, pursuant to Section 2 of Public Law 88-482 (the Meat Import Act), I have made the third estimate of the aggregate quantity of fresh, chilled or frozen cattle meat (TSUS 106.10) and fresh, chilled or frozen meat of goats and sheep, except lamb (TSUS 106.20) which would, in the absence of limitations under the Act, be imported during the 1978 calendar year.

The adjusted base quantity for the 1978 calendar year was estimated, in December 1977, at 1,183.9 million pounds, and the third estimate of imports during 1978 is 1,492.3 million pounds. This estimate is based on 1978 restraint levels agreed to by principal supplying countries, which were recently increased in response to your direction that steps be taken to permit an additional 200 million pounds of meat imports in 1978. Since the estimated quantity to be imported exceeds 110 percent of the adjusted base quantity, import limitations are required to be imposed unless suspended by you pursuant to Section 2(d) of the Act.

Enclosed is a proclamation to accomplish this. It would limit imports to the adjusted base quantity of 1,183.9 million pounds, but it would at the same time suspend the limitation on the basis that the supply of meat articles subject to the Meat Import Act will otherwise be inadequate to meet domestic demand at reasonable prices.

As required by the Act, I will advise you of changes in import prospects that may occur when the fourth quarterly estimate is made on or before October 1, 1978.

Respectfully yours,


Bob Bergland
Secretary

Enclosure

QUANTITATIVE LIMITATION ON THE IMPORTATION
OF CERTAIN MEAT

- - - - -

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

The Act of August 22, 1964 (78 Stat. 594; 19 U.S.C. 1202 note), provides for the limitation of certain meat imports if import estimates exceed 110 percent of an adjusted base quantity for that year. The limitation applies to fresh, chilled, or frozen cattle meat and fresh, chilled, or frozen meat of goats and sheep, except lamb.

On December 30, 1977, the Secretary of Agriculture determined (43 F.R. 987) in accord with Section 2(b)(1) of the Act that the adjusted base quantity of meat for the calendar year 1978 is 1,183.9 million pounds. The Secretary now has estimated (in the 1978 third quarterly estimate) that the aggregate imports of meat for 1978 will be 1,492.3 million pounds. This estimate exceeds 110 percent of the previously determined adjusted base quantity for 1978.

In accord with Section 2(c) of the Act, the President must limit the import of meat to the adjusted base quantity for 1978 of 1,183.9 million pounds, unless he increases or suspends that limitation pursuant to Section 2(d) of the Act.

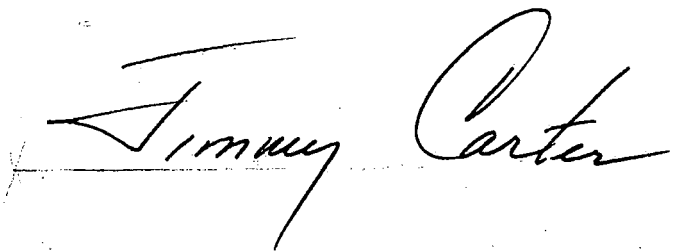
NOW, THEREFORE, I, JIMMY CARTER, President of the United States of America, by the authority vested in me by Section 2 of the Act, do hereby proclaim as follows:

1. The total quantity of the articles specified in item 106.10 (relating to fresh, chilled, or frozen meat) and item 106.20 (relating to fresh, chilled, or frozen meat of goats and sheep (except lamb)) of part 2B, schedule 1 of the Tariff Schedules of the United States, which may be entered, or withdrawn from warehouse, for consumption during the calendar year 1978, is limited to 1,183.9 million pounds.

2. In accord with Section 2(d) of the Act, I determine that the supply of meat described in Paragraph 1 hereof will be inadequate to meet domestic demand at reasonable prices.

3. The limitation proclaimed in Paragraph 1 hereof is suspended during the period of calendar year 1978, which is the period that I determine to be necessary to carry out the purposes of Section 2(d) of the Act.

IN WITNESS WHEREOF, I have hereunto set my hand this
day of in the year of our Lord
nineteen hundred seventy-eight, and of the Independence
of the United States of America the two hundred and third.

Jimmy Carter

THE WHITE HOUSE
WASHINGTON

July 5, 1978

Tim Kraft
Jim Gammill

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

NATIONAL COMMISSION ON SOCIAL
SECURITY

THE WHITE HOUSE
WASHINGTON

June 30, 1978

Tim -
I don't see that
the first two
qualify - Milton is
a good friend.
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MEMORANDUM FOR THE PRESIDENT

FROM:

TIM KRAFT

JIM GAMMILL *TK*
Jim C

SUBJECT:

National Commission on Social Security

The National Commission on Social Security was created by Congress at the end of last year to conduct an in-depth study of the Social Security and Medicare Programs. There will be nine members, five of whom are appointed by the President and confirmed by the Senate. No more than three of the appointees may be from the same political party. One member should represent the private insurance companies.

From among the five members, the President appoints a Chairman. Since the Commission is independent of any other agency, the Chairman will be responsible for setting up the Commission and staffing it. Because of his experience and his closeness to the Administration, we suggest that Milton Gwirtzman be Chairman.

RECOMMENDATION:

Appoint the following five people as members of the National Commission on Social Security and name Milton Gwirtzman Chairman.

Milton S. Gwirtzman (Washington, D. C.): Attorney in private practice. Former research and speechwriter in the campaigns of John Kennedy, Robert Kennedy, McGovern-Shriver, and Carter-Mondale. Formerly Legislative Assistant for three U. S. Senators. Highly recommended by Stu Eizenstat.

?

-2-

Edith Van Horn (Detroit, Michigan): International Representative, UAW. Co-founder of the Coalition of Labor Union Women. Active in women's rights organizations. Selected Feminist of the Year in 1975 by the Detroit Chapter of NOW. Recommended by Congressman Elliott Levitas and Steve Protonlis. 7

James J. Dillman (Sheboygan, Wisconsin): An attorney who has served several terms on the Wisconsin Retirement Board. He has been strongly recommended by Senator Nelson who is Chairman of the Subcommittee on Social Security. In addition he has the support of Senator Proxmire, Congressmen Reuss, Baldus and Steiger. sk

David Rodgers (Spokane, Washington): Deputy Commissioner of Insurance for Eastern Washington. Former Mayor of Spokane; and former Employee Benefits Manager with Aetna Life Insurance Company. Recommended by Senators Jackson and Magnuson and Congressman Foley. sk

Donald S. MacNaughton (Madison, New Jersey): Chairman of the Board of The Prudential Insurance Company and will retire in September, 1978. Supported by the Business Roundtable. Stu Eizenstat strongly supports. sk

Appoint the five people listed above.

_____ approve _____ disapprove

Appoint Milton Gwirtzman as Chairman.

_____ approve _____ disapprove

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M
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S

Born: March 17, 1933, Rochester, New York

Age: 43

Married, two children

Office Address: 1156 15th St. N.W. Washington D.C. 20005 tel: 296-3776

Home address: 33 Oxford St. Chevy Chase, Maryland 20015 tel: 656-2072

Education

B.A. Harvard College 1954, summa cum laude in Government. Phi Beta Kappa
Editorial Chairman, Harvard Crimson. Commencement orator.

J.D. Yale Law School 1958. Editor, Yale Law Journal.

Vocational experience

1959-64: Legislative assistant in the United States Senate for three
Senators: Stuart Symington (Mo.), Benjamin A. Smith II (Mass.) and Ed-
ward M. Kennedy (Mass.)

1964-69: private practice of law, Washington D.C. Practice before the
U.S. District Court and Court of Appeals; matters before the Department of
Agriculture, Department of the Treasury, Food and Drug Administration, En-
vironmental Protection Agency, General Services Administration, Federal
Power Commission, Small Business Administration, Immigration and Naturali-
zation Service and other federal agencies.

1970-71: private practice of law, Paris, France. Member, American
Chamber of Commerce in France.

1972-76: private practice of law, Washington D.C. a.v. (highest) rating
in Martindale-Hubbell law directory.

Educational Activities

member, Senior Advisory Board, Harvard University Institute of Politics
visiting lecturer of political science and fellow of Calhoun College,
Yale University 1975-76.

Publications

two books and 14 articles on government, history and economics in the
New York Times magazine, Readers Digest, the Washington Post, Esquire, the
New Republic etc.

Political Activities

1960: deputy director of research, Presidential campaign of John F. Ken

1964: chief speechwriter, Senate campaign of Robert Kennedy (New York)

1968: director of public affairs, Presidential primary campaign of Robe
Kennedy

1972: chief of speechwriting, McGovern-Shriver fall election campaign

1976: February-April: Issues research for Governor Carter. May-Novembe
travelling issues advisor on the Governor's campaign plane.

EDITH VAN HORN

Hired at Goodyear Aircraft Corporation, Akron, Ohio, 1943. Served on the plant Program Committee, UAW Local 856 in the Goodyear Aircraft Plant and active in the UAW since then.

Thirty-two years seniority in the Dodge Plant, Detroit, and active in UAW Dodge Local 3 since 1946. First woman elected plant-wide to the Local 3 Executive Board and served as Chief Steward (wire unit) 17 years.

More recently, UAW International Staff since 1963. Political Action Department, now the Community Action Program Department. Assigned nationally to political campaigns and especially to encourage women to become active in UAW political programs and year-round activities.

Charter member of National Organization for Women. Charter member of the National Women's Political Caucus. Co-founder of Coalition of Labor Union Women, member of WILPF, NAACP, ACLU, Women United for ERA, and the Democratic Party.

Board of Directors of the Women's Action Alliance.

Selected Feminist of the Year, August 26, 1975 by the Detroit Chapter, NOW. Nominated for the Post of "Secretary of Labor" among 44 "women who could save America." Redbook Magazine, April 1975.

Participant and Plenary Speaker, "Women and Politics" Conference, Canberra, Australia, August 30 - September 6, 1975, convened by Elizabeth Reid, Advisory of the Prime Minister on Women's Affairs, and the Australian National Women's Advisory Committee for IWY.

June 1978

R E S U M E

James J. Dillman
Attorney at Law
P. O. Box 1042
Sheboygan, Wisconsin 53081

Educational Training

Graduated from Waldo (Wisconsin) High School in 1931 and from the Sheboygan County Teachers College in 1932.

Attended Mission House (now Lakeland College) from 1936 to 1938.

Received Bachelor of Arts degree from the University of Wisconsin in 1941.

Received Bachelor of Laws degree from the University of Wisconsin Law School in 1942.

Professional Experience

Teacher in the Sheboygan County public school system (Banner School) from 1932 to 1936.

Engaged in the general practice of law from 1946 to present.

Former president of the Sheboygan County Bar Association and presently chairman of its legislative committee.

Experience in the Public Pension Area

Appointed in 1960 by Gov. Gaylord Nelson to the Wisconsin Retirement Fund Board as the trustee representing the public. Re-appointed in 1965 by Gov. John Reynolds for a second five year term.

Chairman of the Wisconsin Retirement Fund Board from 1963 to 1970. Was not re-appointed to a third term by Gov. Warren Knowles as

we were of different political parties.

Appointed by Gov. Patrick Lucey as a member of the Wisconsin Retirement Research Committee in 1970 and am currently serving my second term as a public member.

Re-appointed to the Wisconsin Retirement Fund Board by Gov. Patrick Lucey in 1975 and am currently serving on that board.

The Retirement Research Committee studies retirement legislation and makes proposals to the state legislature in the form of bills for improving or changing retirement laws. Some far reaching legislation recently considered by the committee was a bill merging the various retirement systems in the state into the Wisconsin Retirement System. Also the Automatic Post Retirement Adjustment bill currently pending in the legislature was formulated by the committee to aid retired members in their battle with inflation. Much other legislation adopted by the state legislature in recent years or presently being considered by it originated with the Retirement Research Committee.

The Wisconsin Retirement Fund Board is responsible for the administration of the fund (although certain rule making powers have been transferred to the Division of Employee Trust Funds Board). This fund includes almost all municipal employees and all state employees (except teachers) who are both active and inactive (retired). The Wisconsin Retirement Fund has the reputation of being one of the strongest and best operated funds in the country and I have been

proud to have made a contribution to it.

My attendance record on both the Retirement Research Committee and the Wisconsin Retirement Fund Board has been 100%.

Public Service Activity

One of the founders of the Sheboygan Retirement Home, Inc., and have served as director and vice president since its establishment in 1960. It is a United Methodist church related institution and I am also its general counsel.

Formerly president of the Board of Trustees of the Sheboygan County Teachers College until its demise by legislative action.

Former president of the Wisconsin Association of County College Boards.

Former member of the City of Sheboygan Board of Zoning Appeals.

Member of the Sheboygan Optimist Club since 1954 and have served as president of the club and lieutenant governor of the Wisconsin District of Optimist International.

Former chairman of the Associate Board of Lakeland College for eight years and received the Distinguished Service Award from the college.

Former president of the Sheboygan Human Rights Committee.

Former chairman of the Board of Trustees of St. Luke United Methodist Church and currently a member of its finance committee.

Former president of the Sheboygan County Chapter of the National

Foundation (March of Dimes) and active in chapter work for many years.

Political Activity

Elected president of the Sheboygan County Young Democrats in 1935, the youngest county president in Wisconsin at that time.

Former chairman of the Sheboygan County Democratic Party (then the Democratic Organizing Committee), the Sixth Congressional District and a member of the state party administrative committee.

President of the University of Wisconsin Roosevelt Club in 1940.

Chairman of the Sheboygan County campaigns supporting Sen. Hubert Humphrey for President in 1960 and 1972.

Chairman of Sheboygan County Stevenson for President Committee in 1952.

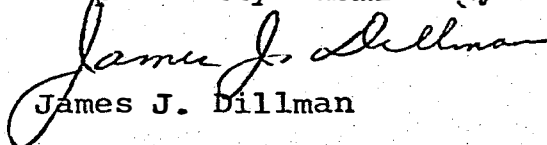
Active in various campaigns for Justice of the Wisconsin Supreme Court and headed the successful campaign in this county when Chief Justice Horace Wilkie was last elected.

Business Activity

Director of the Adell State Bank for almost 15 years.

President of the First Charter Land Title Co., Inc., engaged in the issuance of title insurance as agents of the Title Insurance Company of Minnesota.

Respectfully submitted,


James J. Dillman

Born: August 10, 1923, in New Albany, Indiana

Residence: South 4315 Pittsburg, Spokane, Washington 99203
Spokane resident since 1949

Education: Public schooling: Melrose, Massachusetts
New Albany, Indiana
Bachelor of Science degree from Purdue University
Honorary Doctor of Laws from Whitworth College

Athletics: Lettered in tennis and squash rackets at Purdue University
Captain of the Squash Team.

Military: Communications Officer, Underwater Demolition Team,
United States Navy, World War II

Occupation: Manager of the Employee Benefits Office of the Aetna
Life Insurance Company, 1949 to 1976
Deputy Commissioner of Insurance for Eastern Washington, 1977 to present

Religion: Member of Manito Presbyterian Church, Spokane

Family: Married to former Dorothy Perkins (deceased), four children
Married to former Naomi Fowle, two stepdaughters

**Publications
& Seminars:** Delivered paper before Japan-American Conference of
Mayors and Chamber of Commerce Presidents, addressing
the subject of "Fiscal Relationship between Local
Government and the Federal Government."

At the request of the United States Information Service,
spoke to seminars on "Local Government Relationship to
Central Government": in Fukuoka, Tokyo, Osaka and Sapporo.

At the request of the United States Consulate in Naha, site
of the International Ocean Exposition '75, consulted with
Okinawa Governor Chobyō Yara and Mayor Ryosho Taira of Naha,
concerning residual use of Spokane's Expo '74 site.

Presided over workshops on public pensions for National League
of Cities annual convention and attended seminars on public
pensions as representative of the National League of Cities.

One of four U.S. Mayors selected for official visit to Soviet Union.

**Past and
Present
Civic and
Political
Activities:** President of Board of Directors - Spokane YMCA
Member of Advisory Board of Inland Empire Council,
Boy Scouts of America
Member of Downtown Kiwanis Club-Spokane
Member of Washington State Public Pension Commission
Member of Retirement Board for Non-Uniformed Employees-City of Spokane
Member of Board of Directors of Association of Washington Cities
Chairman of the Association of Washington Cities' Insurance Committee
Member of the Board of Directors of National League of Cities
Member of the Executive Board, National Republican Mayors'
Conference
Member of the Effective Government Steering Committee,
National League of Cities.
Member of the U.S. Conference of Mayors' Committee on transportation,
Committee on Urban Economics and of the Science and Technology
Task Force.

Spokane City Councilman: Appointed to fill unexpired term
April 25, 1966

Mayor of Spokane: Elected November 7, 1967
Re-elected November 4, 1969
Re-elected November 6, 1973
Did not seek re-election in 1977.
Third term ended January 9, 1978

Biographical Data:

DONALD S. MacNAUGHTON
Chairman of the Board and Chief Ececutive Officer
The Prudential Insurance Company of America

Career Background:

Mr. MacNaughton joined Prudential as an Associate Counsel in 1955. He was elected a Senior Vice President in 1961 and an Executive Vice President in 1965. On April 1, 1969 he became President and Chief Executive Officer and on April 14, 1970 was named to the new position of Chairman and Chief Executive Officer.

From 1939 to 1942 he taught history and coached basketball in Pulaski, N.Y. He practiced law in Pulaski from 1948 to 1954, when he joined the New York State Insurance Department as Deputy Superintendent.

Education:

Mr. MacNaughton was graduated from Syracuse University in 1939. After World War II, he returned to Syracuse and earned his law degree in 1948.

Military Service:

He enlisted in the Army Air Corps in 1942 and served in the South Pacific as a First Lieutenant.

**Professional,
Business and
Civic Activities:**

Mr. ManNaughton is a member of the Business Council, the Business Roundtable, the Conference Board, the Board of Governors of Rutgers University and the Board of Overseers of the Wharton School. He is a trustee of the American College and a director of the American Productivity Center. Mr. MacNaughton is a director of the Exxon Corporation and the American Telephone and Telegraph Company.

Personal Information:

Mr. MacNaughton was born July 14, 1917 in Schenectady, N.Y. He and his wife, the former Winifred Thomas, live in Madison, N.J. They have two sons, Donald T. and David.

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Records
PV (EOP)
PV (RO)
Handbook
Gen, Index

NATIONAL COMMISSION ON SOCIAL SECURITY

Independent

AUTHORITY: P.L. 95-216, Title III, Sec. 361, December 20, 1977

METHOD: Nominated to the Senate and see below

MEMBERS: NINE as follows:

FIVE members appointed by the President, by and with the
advice and consent of the Senate

TWO members appointed by the Speaker of the House

TWO members appointed by the President pro tempore of the Senate

At no time shall more than three of the members appointed by the President, one of the members appointed by the Speaker of the House, or one of the members appointed by the President pro tempore of the Senate be members of the same political party.

The membership of the Commission shall consist of individuals who are of recognized standing and distinction and who possess the demonstrated capacity to discharge the duties imposed on the Commission, and shall include representatives of the private insurance industry and of recipients and potential recipients of benefits under the programs involved as well as individuals whose capacity is based on a special knowledge or expertise in those programs. No individual who is otherwise an officer or full-time employee of the United States shall serve as a member of the Commission.

~~X~~CHAIRMAN:

TERM: CHAIRMAN:

SALARY: TERM:

Designated by the President from among the five members appointed by him.

TWO YEARS. A vacancy shall be filled in the same manner as that ~~provided for~~ herein provided for the appointment of the member first appointed to the vacant position.

PURPOSE:

SALARY:

Members shall receive \$138 per diem while engaged in actual performance of duties vested in the Commission, plus reimbursement for travel, subsistence, and other necessary expenses.

PURPOSE:

Conduct a in-depth study of the Social Security and Medicare Programs.

REPORTS & TERMINATION:

No later than four months after the date on which a majority of the authorized membership of the Commission is initially appointed, the Commission shall submit to the President and the Congress a special report describing the Commission's plans for conducting the study, investigation, and review, with particular reference to the scope of such study, investigation, and review and the methods proposed to be used in conducting it.

At or before the close of each of the first two years after the date on which a majority of the authorized membership of the Commission is initially appointed, the Commission shall submit to the President and the Congress an annual report on the study, investigation, and review, together with its recommendations with respect to the programs involved. The second report shall constitute the final report of the Commission and shall include its final recommendations; and upon the submission of such final report the Commission shall cease to exist.

(e) The amendments made by this section shall apply with respect to remuneration paid and services rendered after December 31, 1977.

Subpart 3—Conforming Amendment to the Railroad Retirement Act of 1974

COMPUTATION OF EMPLOYEE ANNUITIES

SEC. 358. (a) The last sentence of section 3(f)(1) of the Railroad Retirement Act of 1974 is amended—

(1) by inserting "paid before 1978" after "in the case of wages", and

(2) by inserting "and in the case of wages paid after 1977" before the period at the end thereof.

(b) The amendments made by this section shall be effective January 1, 1978.

PART F—NATIONAL COMMISSION ON SOCIAL SECURITY

ESTABLISHMENT OF COMMISSION

SEC. 361. (a)(1) There is hereby established a commission to be known as the National Commission on Social Security (hereinafter referred to as the "Commission").

(2) (A) The Commission shall consist of—

(i) five members to be appointed by the President, by and with the advice and consent of the Senate, one of whom shall, at the time of appointment, be designated as Chairman of the Commission;

(ii) two members to be appointed by the Speaker of the House of Representatives; and

(iii) two members to be appointed by the President pro tempore of the Senate.

(B) At no time shall more than three of the members appointed by the President, one of the members appointed by the Speaker of the House of Representatives, or one of the members appointed by the President pro tempore of the Senate be members of the same political party.

(C) The membership of the Commission shall consist of individuals who are of recognized standing and distinction and who possess the demonstrated capacity to discharge the duties imposed on the Commission, and shall include representatives of the private insurance industry and of recipients and potential recipients of benefits under the programs involved as well as individuals whose capacity is based on a special knowledge or expertise in those programs. No individual who is otherwise an officer or full-time employee of the United States shall serve as a member of the Commission.

? (D) The Chairman of the Commission shall designate a member of the Commission to act as Vice Chairman of the Commission. ?

(E) A majority of the members of the Commission shall constitute a quorum, but a lesser number may conduct hearings.

(F) Members of the Commission shall be appointed for a term of two years.

(G) A vacancy in the Commission shall not affect its powers, but shall be filled in the same manner as that herein provided for the appointment of the member first appointed to the vacant position.

(3) Members of the Commission shall receive \$138 per diem while engaged in the actual performance of the duties vested in the Commission, plus reimbursement for travel, subsistence, and other necessary expenses incurred in the performance of such duties.

(4) The Commission shall meet at the call of the Chairman, or at the call of a majority of the members of the Commission; but meetings of the Commission shall be held not less frequently than once in each calendar month which begins after a majority of the authorized membership of the Commission has first been appointed.

(b) (1) It shall be the duty and function of the Commission to conduct a continuing study, investigation, and review of—

(A) the Federal old-age, survivors, and disability insurance program established by title II of the Social Security Act; and

(B) the health insurance programs established by title XVIII of such Act.

(2) Such study, investigation, and review of such programs shall include (but not be limited to)—

(A) the fiscal status of the trust funds established for the financing of such programs and the adequacy of such trust funds to meet the immediate and long-range financing needs of such programs;

(B) the scope of coverage, the adequacy of benefits including the measurement of an adequate retirement income, and the conditions of qualification for benefits provided by such programs including the application of the retirement income test to unearned as well as earned income;

(C) the impact of such programs on, and their relation to, public assistance programs, nongovernmental retirement and annuity programs, medical service delivery systems, and national employment practices;

(D) any inequities (whether attributable to provisions of law relating to the establishment and operation of such programs, to rules and regulations promulgated in connection with the administration of such programs, or to administrative practices and procedures employed in the carrying out of such programs) which affect substantial numbers of individuals who are insured or otherwise eligible for benefits under such programs, including inequities and inequalities arising out of marital status, sex, or similar classifications or categories;

(E) possible alternatives to the current Federal programs or particular aspects thereof, including but not limited to (i) a phasing out of the payroll tax with the financing of such programs being accomplished in some other manner (including general revenue funding and the retirement bond), (ii) the establishment of a system providing for mandatory participation in any or all of the Federal programs, (iii) the integration of such current Federal programs with private retirement programs, and (iv) the establishment of a system permitting covered individuals a choice of public or private programs or both;

(F) the need to develop a special Consumer Price Index for the elderly, including the financial impact that such an index would have on the costs of the programs established under the Social Security Act; and

(G) methods for effectively implementing the recommendations of the Commission.

(3) In order to provide an effective opportunity for the general public to participate fully in the study, investigation, and review under

this section, the Commission, in conducting such study, investigation, and review, shall hold public hearings in as many different geographical areas of the country as possible. The residents of each area where such a hearing is to be held shall be given reasonable advance notice of the hearing and an adequate opportunity to appear and express their views on the matters under consideration.

(c) (1) No later than four months after the date on which a majority of the authorized membership of the Commission is initially appointed, the Commission shall submit to the President and the Congress a special report describing the Commission's plans for conducting the study, investigation, and review under subsection (b), with particular reference to the scope of such study, investigation, and review and the methods proposed to be used in conducting it.

(2) At or before the close of each of the first two years after the date on which a majority of the authorized membership of the Commission is initially appointed, the Commission shall submit to the President and the Congress an annual report on the study, investigation, and review under subsection (b), together with its recommendations with respect to the programs involved. The second such report shall constitute the final report of the Commission on such study, investigation, and review, and shall include its final recommendations; and upon the submission of such final report the Commission shall cease to exist.

(d) (1) The Commission shall appoint an Executive Director of the Commission who shall be compensated at a rate fixed by the Commission, but which shall not exceed the rate established for level V of the Executive Schedule by title 5, United States Code.

(2) In addition to the Executive Director, the Commission shall have the power to appoint and fix the compensation of such personnel as it deems advisable, in accordance with the provisions of title 5, United States Code, governing appointments to the competitive service, and the provisions of chapter 51 and subchapter III of chapter 53 of such title, relating to classification and General Schedule pay rates.

(e) In carrying out its duties under this section, the Commission, or any duly authorized committee thereof, is authorized to hold such hearings, sit and act at such times and places, and take such testimony, with respect to matters with respect to which it has a responsibility under this section, as the Commission or such committee may deem advisable. The Chairman of the Commission or any member authorized by him may administer oaths or affirmations to witnesses appearing before the Commission or before any committee thereof.

(f) The Commission may secure directly from any department or agency of the United States such data and information as may be necessary to enable it to carry out its duties under this section. Upon request of the Chairman of the Commission, any such department or agency shall furnish any such data or information to the Commission.

(g) The General Services Administration shall provide to the Commission, on a reimbursable basis such administrative support services as the Commission may request.

(h) There are hereby authorized to be appropriated such sums as may be necessary to carry out this section.

(i) It shall be the duty of the Health Insurance Benefits Advisory Council (established by section 1867 of the Social Security Act) to provide timely notice to the Commission of any meeting, and the Chairman of the Commission (or his delegate) shall be entitled to attend any such meeting.

THE WHITE HOUSE
WASHINGTON

July 5, 1978

Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Phil Wise
Fran Voorde

SENATOR CRANSTON

ADMINISTRATIVELY
CONFIDENTIAL

3467

THE WHITE HOUSE
WASHINGTON
June 29, 1978

*Frank. His being Demo whip
apparently means very
little. I need to
meet with him*
J

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE *FM.*
LES FRANCIS *Les Francis*

SUBJECT:

Senator Alan Cranston

An analysis of Senate roll call votes in 1977 and so far in 1978 shows that Cranston has been a fairly consistent supporter of our programs. In 1977, his level of support was 85.3%; in 1978 it is 76.9%.

However, California's senior Senator has voted against us on a few very important issues (water projects, B-1 and Middle East Arms Sales). Currently, he is opposing us on the Turkish Arms Embargo and Veterans' Preference modification. On the latter issue, he not only opposes us, but has been actively working to defeat our proposals; his activity in this regard even led him to lobby Members of the House Post Office and Civil Service Committee.

Of course, he has been with us on a lot of tough votes as well . . . Warnke confirmation, IFI's, CRBR, Panama Canal, and Labor Law Reform to name just a few.

Cranston's behavior vis-a-vis the Administration is sometimes quite puzzling. For example, he attempted to put you in a particularly difficult political position by requesting that you meet with Howard Jarvis, author and advocate of California's Proposition 13. He should have realized that by requesting such an appointment we would have only two choices in response (accept or reject), and both of them posed potentially hazardous political consequences.

More recently, we picked up rumblings on the Hill that Cranston has been toying with the idea of testifying in favor of a Steiger-like amendment on capital gains; this, even after your very strong press conference statement. He is a co-sponsor of the amendment.

Contrast these "negative" occurrences with the fact that Cranston reportedly is very supportive of you whenever he speaks in California. Most recently, at a State Democratic Party campaign training seminar last weekend, it has been reported to us that Senator Cranston went on at

some length singing your praises. Apparently, he was especially strong on the point that you have taken on the truly tough issues and that that approach is inherently risky.

The final analysis is: Cranston votes with us the great majority of the time, but he steers a very independent course. He opposes us on key issues for what appears to be perceived political needs back home (B-1, Middle East arms, veterans' preference, etc.). He publicly supports you and most of your policies, but the depth of that support -- it seems -- is open to question.

SENATOR ALAN CRANSTON'S VOTING PROFILE

Administration Support (1977) 85.3%

Administration Support (1978) 76.9%

Favorable Votes (1977)

Bell Confirmation
Pres Pardon Draft Resisters
Marshall Confirmation
Cong/Exec/Judicial Pay Incr
Warnke Confirmation - SALT
Water Proj-Restr (Johnston)
Econ Stim-Inc Emp Tax Cr (Dole)
Econ Stim-Perm Income Tax Cut
Econ Stim-Final Pass
DOE Org Act-Final Pass
H&Comm Dev-Bud Auth (Muskie)
Clean Air-Exceed Pollut Levels
Clean Air-Baker Substitute
Intl Lend Inst-Abourezk Amd
Intl Lend Inst-Aid to Laos
Foreign Mil Aid-Bar & Jamaica
Waterway Use Fee-Stevenson Sub
HEW App-Bar \$ Quotas (Hayakawa)
HEW App-Bar \$ Busing (Brooke)
Clinch River Breeder (Bumpers)
Strip Mining-Recomit Conf Rep
Campaign Fin-Invoke Cloture
Campaign Fin-Cannon Pt of Order
Water Pol-Corp Engr Jurisdic
Nat Gas Dereg (Pearson/Bentsen)
Minimum Wage-Domenici Amd
Minimum Wage-Youth Differential
Oil&Gas Users Tax (Metzenbaum)
Soc Sec Fin-Moynihan Amd

Favorable Votes (1978)

Rdwood Park Expan/Hayakawa Amd
NUC Nonprolif/Glenn Sub Amd
Panama/Byrd Motion
Ratify First Panama Treaty
Farm Bill/Dole Parity Amd
Ratify Second Panama Treaty
Airline Deregulation
Civiletti Nomination
Cloture Labor Law Revision
Waterway Fees/Water Projects

Unfavorable Votes (1977)

Econ Stim-Emp Tax Cr (Haskell)
Farm Bill-Cut Target Prices
P Wks App-Delete Water Proj \$
P Wks App-Barnwell Study
Def App-B1 Bomber (Stennis)

Unfavorable Votes (1978)

Supp App-B1 Bomber/Stennis Motion
Disapprove Mideast Plane Sales
Supp App-B1 Bomber